IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION

INCOME TAX REFERENCE NO.776 OF 1998

The Commissioner of Income-tax,
Bombay City - IV, Bombay .. Applicant.
V/s.
M/s.K. Mahadevia Cloth Traders
P. Limited .. Respondent.

Mr.A.S. Rao i/b. Mr.Pankaj Kapoor for the petitioner.

CORAM : V.C. DAGA &
J.P. DEVADHAR, JJ.
DATED : 5TH APRIL, 2005.

P.C. :

1. Heard the learned counsel for the applicant. The Tribunal has referred the question for the opinion of this Court reading as under :-

> Whether in the facts and in the circumstances of the case, the Tribunal was right in law in holding that in computing the disallowance relating to remuneration, benefit and amenities to the employee-director of the assessee-company an overall limit for remuneration, benefit and amenities taken together should be applied as provided in section 40(c) of the Income-tax Act, 1961 and not two limits, one for salary and the other for perquisites as laid down in clause (c) of section 40A(5) thereof ?

2. The above question has already been answered by the Division Bench of this Court in the case of **CIT V/s. Hico Products Pvt.Ltd. (No.1) [(1993) 201 I.T.R. 567 (Bom)]** in favour of the assessee and against the revenue. In this view of the matter, question stands answered in affirmative for the reasons stated in the case of Hico Products (P) Ltd. Reference, accordingly stands disposed of with no order as to costs.